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United States
Department of
Agriculture
Foreign
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Washington, D.C. 20250

FAS REPORT

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 22-82

WASHINGTON, June 3--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

The AUSTRALIAN wheat board, in the past the sole export marketer of Australian wheat, will now sell directly to private grain companies. The board hopes to make Australia more competitive in the world wheat market. It says the change will allow private traders to expand Australian wheat export opportunities. About 200,000 tons already have been tendered to the trade, split evenly between Australian prime hard wheat and feed grade wheat. Both are in surplus. For now, the private trade will be restricted from selling into markets that include China, the USSR, Egypt and Iraq with which the board has direct bilateral agreements. The sales thrust therefore will be aimed, the board hopes, at primarily new markets where Australian wheat has had little or no market share. If the private trade is successful in disposing of Australian wheat surpluses, direct tenders to the trade will likely continue.

The ARGENTINE National Grain Board plans to sell to Iran 1.08 million tons of grains. Half is to be wheat, shipped at a rate of 90,000 tons per month from December 1982 through May 1983. The balance will be 360,000 tons of corn and 180,000 tons of sorghum to be delivered in regular shipments from July through December 1982. For Argentina, these are record sales of wheat, corn and sorghum to Iran.

U.S. wheat exports to Iran have been slowly recovering from the almost complete loss of the market after the fall of the Shah. The Argentine sale may dampen U.S. growth in the Iranian market in 1982/83.

Senior ZAMBIAN agricultural officials estimate their country's corn import needs for 1982/83 will be a record 400,000 tons, nearly double the previous record levels of two years ago. Late season drought has reduced this year's corn crop which sharply increased import requirements. According to the officials, Zimbabwe will fill about half the imports. The remainder will come from other sources, possibly including South Africa. Zambia's short foreign exchange position will likely allow only 200,000 tons to be purchased commercially. The government plans to obtain the balance under long-term credit arrangements.

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OILSEEDS AND PRODUCTS

Total soybean supplies on April 1, 1982 in the major producer-exporter countries, the UNITED STATES, BRAZIL, ARGENTINA and PARAGUAY were estimated at 45.8 million metric tons--down 1 percent from the same date a year ago and 10 percent below the record large volume for that date in 1980.

U.S. soybean stocks on April 1, 1982 of 28.8 million tons rose 2 percent from a year earlier but were 11 percent below the record large volume of 32.2 million tons on April 1, 1980.

Aggregate soybean stocks in the major producer-exporter countries on April 1, 1982 appear to be in the second year of a cyclical decline. USDA expects this to continue at least through the end of the current analysis year ending October 1, 1982.

Aggregate soybean supplies continue to be more than adequate in relation to anticipated 1981/82 world crushings. However, the April 1, 1982 soybean supply, at 60.7 percent of expected crushings, is slightly below the 62.4 percent of crushings averaged for that same date during the previous five years.

Soybean stocks in the major producer-exporter countries at the end of the current analysis year are expected to decline to about 13 million tons--5 percent under the previous year and 15 percent under the record level two years earlier.

This season, ending stocks of soybeans in the producer-exporter countries are expected to decline to about 17 percent of estimated world crushings--somewhat below the two previous years but significantly above the porportion remaining at the end of 1978 and 1979. Thus, the indicated reduced stock-use ratio represents a constructive factor for soybean prices in coming months.

Based on data from reporting trade partners, the SOVIET UNION's 1981 imports of oilseeds, oils and fats rose to a record high of more than 1.1 million tons (oil equivalent). The 1981 volume of exports to the Soviet Union exceeded the previous year's volume by more than one-fifth and was nearly double the annual average during the 1976-79 period.

Soviet fats and oils consumption requirements in recent years have continued to expand by about 2 percent per year despite some decline in domestic production. Consequently, Soviet imports in 1981 accounted for roughly one-fifth of total fats and oils consumption compared to less than 10 percent in 1976. The reporting trade partners data, which are presumed to account for more than 90 percent of the total Soviet oil and fat imports, are as follows:

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
	--1,000 metric tons--					
Soybean						
(oil basis)	307	197	143	335	184	219
Soy oil	0	1	0	45	56	106
Palm oil	10	44	52	105	113	175
Other	166	198	236	461	569	618
Total						
(oil basis)	483	440	431	946	922	1,118
From U.S.						
(oil basis)	101	100	176	447	83	103
From U.S. (%)	20.9	22.7	40.8	47.3	9.0	9.2

The effect of the decline in 1981 Soviet oilseed production on domestic production of oils and fats in 1981/82 will probably cause the Soviets to expand imports of oils and fats again in 1982.

In 1981, shipments of oilseeds, oils and fats from the United States accounted for about 9 percent of aggregate Soviet imports. This volume, at about 103,000 tons oil equivalent, was slightly higher than in 1980 but substantially smaller than in 1978 and 1979. During 1976-79, shipments from the United States accounted for about 30 percent of Soviet oil and fat equivalent imports.

DAIRY, LIVESTOCK AND POULTRY

WORLD meat production may drop slightly in 1982, reflecting the continued weak economic growth picture in most producing countries. In some cases, reduced breeding stock inventories could prevent producers from expanding production even where profit margins have improved. USDA forecasts a 1 percent decline in poultry and red meat production (excluding horse meat) to 103.6 million metric tons in 1982. This is due primarily to an expected 2.5 percent drop in pork production. Beef and veal production is likely to fall only slightly. Lamb, mutton and goat meat production is expected to remain at 4.6 million metric tons. Poultry meat production is forecast to expand only marginally in 1982 after 5 percent annual growth in the last 2 years.

A 2.7 million head buildup in beginning WORLD cattle inventories is not expected to increase 1982 beef production because some of the smaller producers such as India and Turkey are increasing their herds but not their production. In both the United States and Canada, profits on beef production have improved because of lower feed costs and higher cattle prices. Cattle prices have edged upward in the EC but inventories are expected to continue downward, caused in part by the long-term decline in dairy cows. In Australia and Argentina, two of the major beef exporting countries, cattle slaughter is expected to fall this year possibly signalling a reversal in the trend of declining numbers.

Cattle slaughter will be up in several Eastern European countries during 1982 but feed supply problems are expected to keep carcass weights and total beef production down. In the Soviet Union, live weights for cattle sold from state and collective farms (about 80 percent of beef slaughter) were 3 percent below 1981 levels in the first four months of 1982. This represents a five-year low. Cattle inventories, however, were reported at record levels on state and collective farms as of May 1, indicating the Soviet desire to maintain herd levels despite feed supply problems.

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Country	Cattle Inventory And Meat Production			
	Beginning Inventory		Beef and Veal Production	
	1981 <u>1/</u>	1982 <u>2/</u>	1981 <u>1/</u>	1982 <u>2/</u>
	Mil. Head	Mil. Head	Mil. MT	Mil. MT
United States	114.3	115.7	10.35	10.36
Canada	12.5	12.5	1.02	1.03
EC-10	78.3	77.1	6.87	6.83
East Europe	37.8	37.9	2.36	2.34
Soviet Union	115.1	115.7	6.70	6.55
Argentina	58.7	57.9	2.96	2.79
Uruguay	11.0	10.9	0.41	0.39
Australia	25.2	24.8	1.42	1.43
New Zealand	8.3	8.4	0.50	0.48
World Total <u>3/</u>	941.7	944.4	40.63	40.48

1/ Preliminary. 2/ May 1982 estimate. 3/ Fifty-three selected countries.

Market prices for pork have increased in most developed countries but, because of breeding herd declines, WORLD production is expected to decline slightly during 1982. Aggregate production in 1982 is expected to fall about 2.5 percent in selected major producing countries. This is due largely to the forecast sharp drop in U.S. production and a decline in the Soviet Union. Carcass weights in the Soviet Union reached a five-year record low for slaughter hogs sold by state and collective farms during the first four months of 1982. EC pork production is expected to be up only slightly this year because of the drop in breeding herds during 1981. Higher prices should encourage expansion next year. Pork production in Eastern Europe is likely to be up slightly this year due largely to a partial recovery in Poland.

Country	Hog Inventory And Meat Production			
	Beginning Inventory		Pork Production	
	1981 <u>1/</u>	1982 <u>2/</u>	1981 <u>1/</u>	1982 <u>2/</u>
	Mil. Head	Mil. Head	Mil. MT	Mil. MT
United States	64.5	58.7	7.2	6.2
Canada	9.6	9.3	0.9	0.9
EC-10	78.2	78.5	9.5	9.6
East Europe	71.0	71.5	6.7	6.8
Japan	10.1	10.1	1.4	1.4
Soviet Union	73.4	73.2	5.2	5.0
World Total <u>3/</u>	426.7	422.3	37.3	36.4

1/ Preliminary. 2/ May 1982 estimate. 3/ Fifty selected countries.

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WORLD sheep and goat meat production will probably rise about 1.8 percent to 4.6 million tons in 1982, largely due to an expected expansion in Soviet production. The increase in Soviet production appears to be at the expense of inventory growth. As of May 1, the inventories on state and collective farms were at a five-year low. This drop in sheep inventories may also be related to poor forage conditions.

In the major sheep meat exporting countries, Australia and New Zealand, production is down about 1 percent to 1.13 million tons. However, this may be a prelude to long-term expansion in sheep numbers as producers take advantage of expected higher wool prices and attempt to find profitable alternatives to beef production.

The rate of expansion in WORLD poultry meat production in 1982 will be considerably below the last few years because current producer prices offer little incentive to expand. USDA expects poultry production in the United States to decline slightly in 1982. Broiler output is likely to remain unchanged from 1981 as turkey production drops about 5 percent. Production is expected to increase in Brazil and France where subsidized export markets are the primary stimulus for production growth. The USSR will probably continue to expand its poultry sector but at a slower rate than forecast earlier. Feed supply problems, which have plagued other livestock sectors, appear to be affecting poultry too.

World egg production is likely to increase again in 1982, but at a slower pace than in recent years. USDA expects egg output to rise or remain steady in all major egg producing countries shown in the table below except for the United States.

Country	Poultry Meat and Egg Production							
	Total Poultry				Eggs			
	1981	<u>1/</u>	1982	<u>2/</u>	1981	<u>1/</u>	1982	<u>2/</u>
	Million tons				Billion pieces			
United States	6.99		6.91		5.44		5.45	
EC-10	4.16		4.33		2.85		2.99	
France	1.25		1.34		.78		.85	
USSR	2.25		2.35		.65		.70	
Brazil	1.49		1.59		1.40		1.50	
Japan	1.13		1.16		1.00		1.03	
Spain	.89		.85		.82		.78	
World total <u>3/</u>	21.98		22.11		15.17		15.32	

1/ Preliminary. 2/ May 1982 estimate. 3/ Forty selected countries.

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COTTON

In CHINA, fusarium and verticillium wilt, two major cotton diseases, have spread throughout the cottonbelt. In 1978, 572,000 hectares of cotton (11.8 percent of cotton area) were reportedly hurt by the diseases. By 1981, the affected area had risen to 768,000 hectares (15.1 percent of cotton area) in 12 provinces (Jiangsu, Zhejiang, Hubei, Hunan, Sichuan, Anhui, Shandong, Shanxi, Hebei, Henan, Shaanxi, and Liaoning). To control the spread of these two diseases, the government has set up a disease monitoring system and controls on the movement of cottonseed. Eradication measures are also being pursued. It now appears that a new strain (86-1) has been developed which is resistant to fusarium and verticillium wilt. The Ministry of Agriculture plans to promote the use of this new variety in 1982.

On May 23, PAKISTAN announced new support prices for its 1982/83 cotton crop. Increases in cotton prices range from 1.2 to 2.9 percent, depending on the quality of the cotton. A key element in improving productivity is a 43-percent increase in the availability of quality seed. The success of the government's endeavors will largely be influenced by how much seed had been planted prior to this decision and the extent of competition from more remunerative crops.

REVISED COTTON PROCUREMENT PRICES

<u>Variety</u>	<u>Old Price</u> <u>(Rupees per 100 kg)</u>	<u>New Price</u> <u>(Rupees per 100 kg)</u>	<u>Percent Increase</u>
Desi	415.00	420.00	1.2
NT BS-1	425.00	437.50	2.9
B-557	445.00	457.50	2.8
MNH-93, K-68-9	480.00	492.50	2.6

After 3 years in operation, the giant U.S.-Ireland financed Fieldcrest towel mill is bankrupt, according to the U.S. agricultural attache in IRELAND. Closure of the plant could mean about a 15-percent drop in U.S. raw cotton exports to Ireland. U.S. exports of cotton to Ireland were 48,746 bales in May 1979 and 62,165 bales in May 1980.

TOBACCO

IRELAND's imports of U.S. manufactured tobacco rose 17 percent in 1981 to 1,948 tons. Replenishment of low stocks caused the increase in U.S. flue-cured tobacco imports. Total imports of flue-cured tobacco were up marginally to 7,122 tons. Zimbabwe almost doubled shipments to Ireland, sending over 1,500 tons. Brazil shipped more than 1,150 tons.

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Irish 1981 cigarette consumption fell nearly 4 percent leading to a 5-percent drop in cigarette production mainly because of continuing recession and rising tobacco taxation. However, production of other manufactured tobacco products rose 6 percent because of the rise in exports. About 90 percent of Irish pipe tobacco production is exported.

HORTICULTURAL AND TROPICAL PRODUCTS

Officials in MADAGASCAR and American and European importers announced recently that the vanilla bean export floor price for the 20th Plan for Madagascar vanilla will be U.S. \$57/kilo f.o.b. Madagascar. This is an increase of U.S. \$2/kilo from the 19th Plan and will remain in effect until March 31, 1983.

Export quotas were set at 500 tons for the United States and 245 tons for European destinations, virtually unchanged from previous levels. U.S. vanilla bean imports from Madagascar in 1981 were 438 tons valued at \$22.9 million.

Despite an increase in volume, BRAZILIAN exports of cocoa beans and products during 1981 fell nearly \$100 million from 1980 shipments valued at \$711 million because of declining world prices. Cocoa bean exports in 1981 were 125,228 metric tons (\$241.6 million), compared with 123,580 tons (\$291.7 million) in 1980. Chocolate liquor exports were 72,505 tons (\$194.9 million) and were 68,060 tons (\$219.3 million) in 1980. Cocoa butter shipments were 29,032 tons (\$144.9 million) against 1980 exports of 26,751 tons (\$158.2 million). Cocoa cake exports at 23,633 tons (13 million), fell sharply in value from 1980 exports of 24,609 tons (\$25 million). Exports of other cocoa and chocolate products changed little from a year earlier.

RECENT FOREIGN AGRICULTURE CIRCULARS

World Meat and Egg Production and Trade-1981 and Outlook
for 1982, FL&P 1-82

World Oilseed Situation and U.S. Export Opportunities, FOP 6-82
Canned Fruit Situation, FCAN 2-82

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f.,
Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 1, 1982	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-12.5%...202.00 7/	5.50	1/	1/
U.S. No. 2 DNS/NS: 14%.....179.00	4.87	-.05	205.50
U.S. No. 2 DHW/HW: 13.5%...187.00 7/	5.10	1/	205.00
U.S. No. 2 S.R.W..... 1/	1/	1/	159.50
U.S. No. 3 H.A.D.....181.00	4.92	0	219.00
Canadian No. 1 A: Durum..... 1/	1/	1/	1/
Feed grains:			
U.S. No. 3 Yellow Corn.....130.00	3.30	-.07	160.50
U.S. No. 2 Sorghum 2/..... 1/	1/	1/	159.00
Feed Barley 3/..... 1/	1/	1/	159.50
Soybeans:			
U.S. No. 2 Yellow.....257.00	7.00	-.24	301.50
Brazil Soyameal Pellets 4/..238.00	--	-6.00 5/	1/
U.S. 44% Soybean Meal (MT)..226.00	--	-4.00 5/	258.00
EC Import Levies			
Wheat 6/.....110.75	3.01	-.06	93.35
Barley..... 86.80	1.89	-.03	71.75
Corn..... 99.10	2.52	-.06	65.65
Sorghum..... 93.00	2.36	-.04	64.20

- 1/ Not available.
2/ Optional delivery: Argentine Granifero Sorghum.
3/ Optional delivery: Canadian Feed Barley.
4/ Optional delivery: Argentine.
5/ Dollars per metric ton.
6/ Durum has a special levy.
7/ July delivery.

Note: Basis June delivery.